EnerMark
income fund

1998 annual report

Corporate Profile

The EnerMark Income Fund ("EnerMark" or the "Fund") was created in April of 1996 pursuant to the reorganization of Mark Resources Inc. into a Royalty Trust Fund. EnerMark is an investment trust designed to provide regular cash distributions to investors seeking exposure to the oil and gas industry. It offers the benefits of owning producing oil and natural gas properties without the exploration risks associated with owning oil and natural gas common shares. The Fund is the newest member of the Enerplus Group, an employee-owned advisory and management group established in 1985 to provide a wide range of specialized energy-related investment services for investors.

With oil and natural gas common share investments, earnings are retained primarily for reinvestment. With this Fund however, all net cash flow generated from the properties is paid to the Fund's Unitholders after any deductions for debt servicing and capital expenditure funding. The Units are eligible for all RRSPs, RRIFs and DPSPs.

EnerMark holds interests in oil and natural gas producing properties primarily in western Canada which yielded 22,184 BOE/d in 1998. The Fund is committed to maximizing Unitholders' interests and ensuring long-term, steady cash flow through its strategy of replacing depleted reserves on an ongoing basis. The development and operation of properties in a prudent, cost conscious manner while ensuring the safety of employees, the public and the environment, is also a fundamental strategy of EnerMark.

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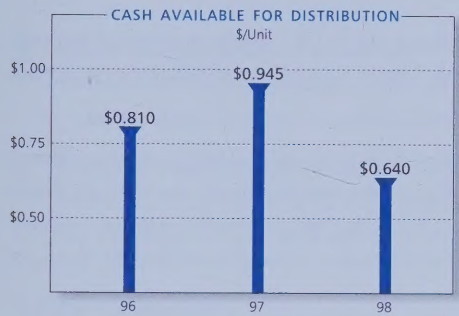
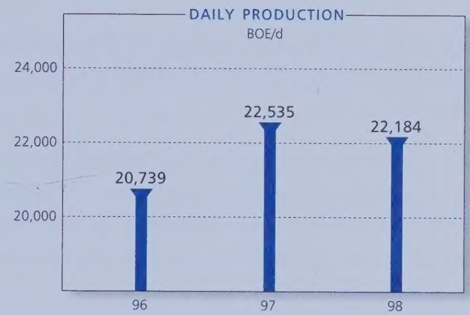
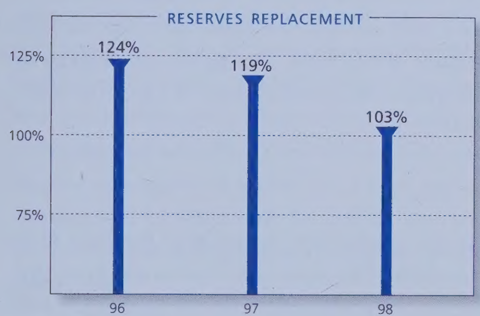
Annual General and Special Meeting

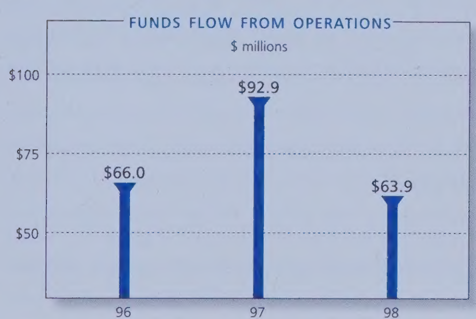
The Annual General and Special Meeting of the Unitholders of EnerMark Income Fund will be held in Conference Room A, Plus 30 Level of Western Canadian Place, 700 - 9th Avenue, S.W., in Calgary, Alberta, commencing at 11:00 a.m. on May 7, 1999. Unitholders are encouraged to attend and those unable to do so should complete the Form of Proxy and forward it at their earliest convenience.

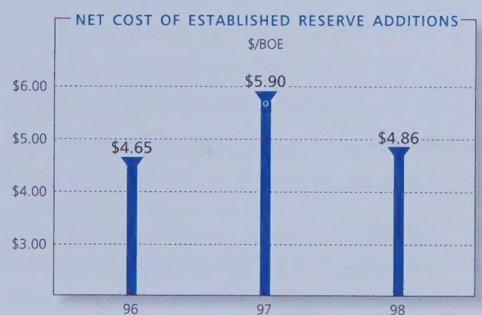
1998 Highlights











- Increased the established reserve life index by 17% from 12.2 in 1997 to 14.3 years in 1998;
- Replaced 144% of 1998 production at a net cost of $4.86 per BOE;
- Increased the Fund's established reserves by 3% in 1998, resulting in a total reserves increase of 43% since inception.

President's Message

The year 1998 was a difficult one for the Canadian oil and gas industry due to the collapse of crude oil prices to their lowest levels in 25 years. The current price depression has been the longest and the steepest since the emergence of OPEC in 1973.

The conventional oil and gas income fund sector experienced the same decline in crude oil prices but also suffered from an erosion of investors' confidence in income funds. The sudden realization that prices would have a major impact on cash distributions triggered massive selloffs and greatly reduced their popularity with investors seeking lower risk, high yield investments. The fad which had taken income funds to unprecedented levels in 1997, suddenly ended and resulted in a mass exodus.

EnerMark Income Fund was directly affected by this crisis and the price of the EnerMark's Units declined to record lows during the year despite the fact that your Fund replaced 144% of its daily crude oil and natural gas production, increased its established reserves and its reserve life index. In fact, 1998 was the third consecutive year the Fund saw established reserves increase, now 43% higher than at the inception of the Fund. During the same three-year period, EnerMark also extended its established reserve life index from 11.9 years in 1996 to 14.3 years in 1998.

1998 Highlights

- EnerMark Income Fund succeeded in replacing 144% of its 1998 production. A total of 11.6 million BOEs were added to the reserves base at a very low net cost of $4.86 per BOE. This figure was considerably lower than the acquisition cost achieved by your Fund last year and compares very favourably with the average per BOE acquisition costs reported by other income funds and the Canadian industry as a whole.
- In 1998, the Fund's daily production decreased to 22,184 BOE per day, down 2% from 22,535 BOE per day in 1997. This decline is primarily the result of lower than expected crude oil prices which caused the Fund to reduce its 1998 capital development program for oil, combined with the divestment of non-core, high decline oil and natural gas properties early in the year.
- EnerMark's established reserves totalled 106.2 million BOEs at the end of 1998, a 3% increase over the 1997 level and a 23% increase over the level reported at the end of 1996.
- The Fund continued its development activities in 1998 and participated in the drilling of 84 gross (21.5 net) development wells. Capital expenditures in respect of this activity, including facility construction, totalled $32.2 million and resulted in adding 5.6 MBOEs to the Fund's established reserves.
- The substantial decrease in crude oil prices, which fell to levels not experienced since the early 1970s, impacted the Fund's revenues for 1998. The average selling price for our oil and natural gas liquids declined to $15.16 per barrel in 1998, down 32% from $22.42 per barrel received in 1997. As a result, cash distributions fell from $0.945 per unit in 1997, to $0.64 per unit in 1998.

- EnerMark continues to be committed to protecting the environment and health and safety of all persons and communities affected by and involved in its activities. On-going training and development programs are in place to continually improve the knowledge and expertise of our employees in this area.
- EnerMark's management has devoted both manpower and other resources in preparing adequately for the year 2000 issue. The process started in 1997 has been pursued throughout 1998 with every effort being made to ensure that the impact of year 2000 will be reduced to a minimum.

1999 OUTLOOK

We continue to have a very positive outlook on long-term oil prices, however, we do not foresee significant improvements in the near term. In addition, there has been improvement in heavy oil prices as differentials between light and heavy crude oil have narrowed appreciably in recent months. More importantly, natural gas prices have been strong throughout the fall and winter heating season , particularly in terms of long term contracts. Fixed price contracts for three, five and seven years are being offered at high prices never seen before in Canada. The expansion of the pipeline network delivering Canadian natural gas to U.S. markets and the fact that natural gas reserves in North America are now declining at record rates is encouraging for Canadian producers and should help maintain strong prices for some time. Because of these factors, EnerMark will focus the majority of its 1999 development activities on adding natural gas reserves and production that can be immediately contracted at very favourable long term prices.

Although our Unit prices have been hit hard during 1998, we continue to view EnerMark Income Fund as a medium to long-term investment which provides a high monthly cash yield. The Fund is strong financially, having recently raised capital through a Rights issue in a difficult market for energy-related issuers. We anticipate tremendous acquisition opportunities in the oil and gas sector in Canada starting in the second quarter of 1999. Low oil prices are having a very negative impact on most oil and gas companies, as cash flows have dropped to levels that cannot support the bank debt incurred by many exploration companies. The only solution for those companies is the sale of properties to reduce bank debts to continue exploration and development activities. We are now seeing a large number of high quality properties on the divestment block at very attractive prices. EnerMark expects to take advantage of this buyer's market and is also pursuing corporate acquisitions on advantageous terms.

I would like to conclude by thanking the employees and directors of EnerMark for their contributions and their dedication during 1998.

Marcel J. Tremblay
President and Chief Executive Officer
Calgary, March 11, 1999

1999 Objectives

The Fund will continue to focus on strengthening its asset base in 1999 through strategic acquisitions, improving cost efficiencies and a prudent capital development plan. This will be accomplished by focusing on the following corporate strategies:

- EnerMark has set a minimum production target of 20,870 BOE per day for 1999. This production level includes any additional volumes which may be added through the 1999 capital development program.
- Capital expenditure activity will be concentrated on developing and optimizing existing natural gas properties for the development of oil properties will be conditional upon a sustained improvement in oil prices.
- The Fund expects to pursue strategic acquisitions by taking advantage of the current depressed oil price situation in order to expand its established reserves base of 106.2 million BOEs.

1999 Cash Available for Distribution

Cash available for distribution is affected by a number of factors including production volumes, commodity prices, royalty burdens, interest charges and operating expenses. The following table illustrates the cash distribution impact of a change in oil prices, as reflected by a change in the West Texas Intermediate ("WTI") reference price. All other factors have been held constant.

Range of WTI Pricing ($US per bbl)	$ 13.50	$ 15.00
Cash available for distribution per Unit	$ 0.45	$ 0.52

Other key factors contained in the estimates provided above:

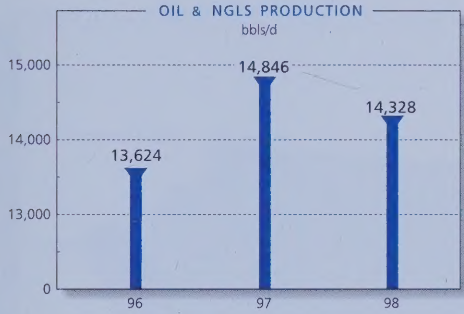
Daily Production:	
Crude oil and NGLs	12,900 bbl/d
Natural gas	79,700 Mcf/d
Total BOE	20,870 BOE/d
Natural gas price	$2.30/Mcf
$US/$Cdn exchange rate	$0.67

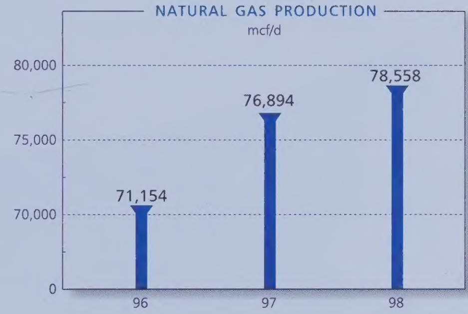
Sensitivities for Cash Available for Distribution

Factor	Variance	Impact
Crude oil and NGLs price	±US$1.00 WTI/bbl	±4.6¢/Unit
Natural gas price	±Cdn$0.10/Mcf	±2.0¢/Unit
$US/$Cdn exchange rate	±US$0.01	±1.0¢/Unit

Investors are cautioned that the objectives are based on assumptions and there is a significant risk that actual results will vary, perhaps materially, from those objectives presented.

Operations' Summary





During 1998, the Fund's development and acquisition activities resulted in EnerMark adding 11.6 million BOEs at a net cost of $4.86/BOE. Over the past three years, EnerMark has replaced an average of 244% of its daily production at a net cost of $5.27/BOE, which compares very favourably to the industry average.

The Fund's average daily production level decreased slightly from 1997 levels of 22,535 BOE/d to 22,184 BOE/d in 1998. EnerMark produced 14,328 bbls/d of oil and NGLs, a decrease of 3.5% from the liquids production levels achieved during 1997. Natural gas production during 1998 increased to approximately 78.6 MMcf/d or 2% over 1997 levels.

EnerMark's average production rate of 22,184 BOE/d for 1998 was approximately 7% below the target of 23,800 BOE/d set for 1998. The targeted production levels were not realized due to lower than expected crude oil prices which caused the Fund to reduce its 1998 capital development program for oil as well as the divestment of non-core, high decline oil and natural gas properties early in 1998. The successful acquisitions concluded in the fourth quarter of 1998 helped to offset this decrease.

Operating costs increased by 3% to $4.99 per BOE during 1998. EnerMark is anticipating a 3% increase in 1999 operating costs to $5.15/BOE primarily as a result of adding long reserve life properties in 1998.

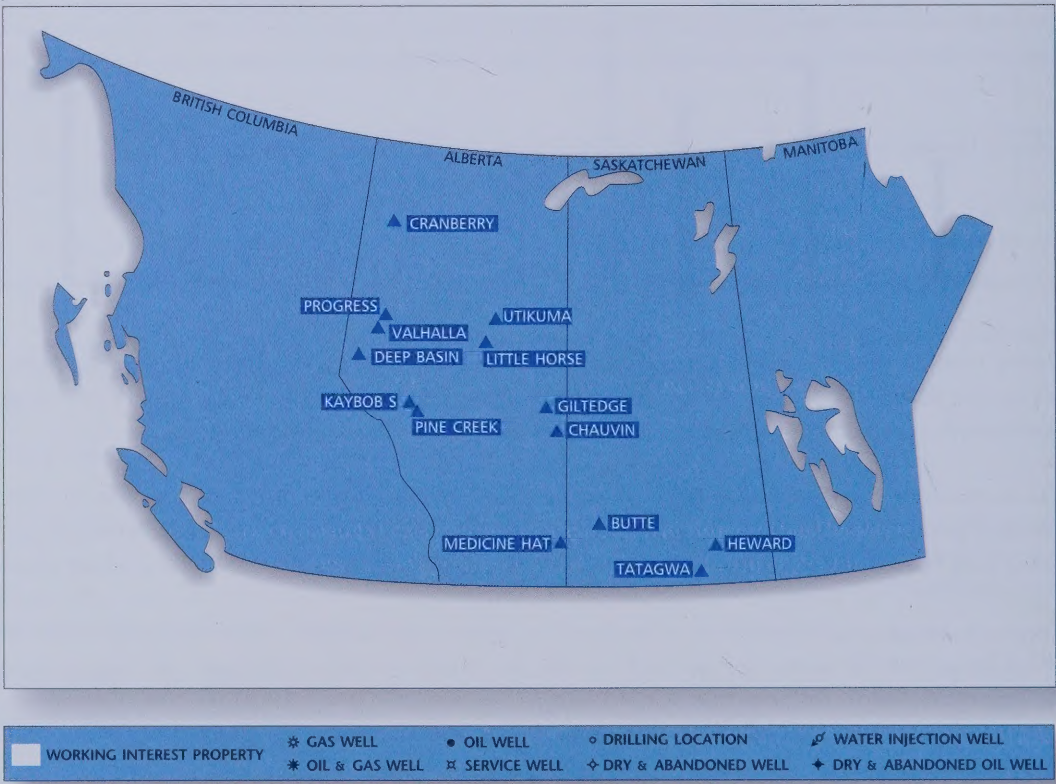
EnerMark continues to focus on adding long-life, low cost reserves. As a result, the Fund's established reserve life index increased by 17% in 1998 to 14.3 years and over the past three years has increased by 30%.

ESTABLISHED RESERVE ADDITIONS - HISTORICAL COST SUMMARY

	Net Cost ($thousands)	Net Reserves* Added (MBOE)	% of Production*	Cost* ($/BOE)
1996	$81,669	17,547	308%	$4.65
1997	145,072	24,588	299%	5.90
1998	56,516	11,630	144%	4.86
3 year average			**244%**	**$5.27**

* Prior years restated on an established basis.

Key Producing Properties



Area	Crude oil & NGLs (bbl/d)	Natural gas (Mcf/d)	Total (BOE/d)	Established RLI (years)
Giltedge	1,827	420	1,869	18.0
Valhalla	1,158	4,960	1,654	8.7
Deep Basin	447	11,473	1,594	13.7
Little Horse	1,132	-	1,132	8.8
Pine Creek	344	7,730	1,117	16.6
Medicine Hat	1,030	1,140	1,144	9.8
Utikuma	954	176	972	5.5
Progress Halfway	135	7,344	869	9.8
Cranberry Botha	146	7,054	851	14.8
Heward/Tatagwa	742	-	742	11.1
Kaybob South	308	3,345	643	12.5
Chauvin	534	-	534	31.7
Butte	405	-	405	12.1
Total Key Producing Properties	**9,162**	**43,642**	**13,526**	

DRILLING AND DEVELOPMENT ACTIVITIES

In 1998, EnerMark participated in the drilling of 84 gross wells (21.5 net) for an average working interest of 25.6%

		Gross	Net
Development wells:	Vertical	74	17.2
	Horizontal	10	4.3
	Total	84	21.5
Farmout wells:	Oil	3	
	Gas	18	
	Service	1	
	Dry	9	
	Total	31	
	Farmout success rate	67%	

UNDEVELOPED LAND BASE

EnerMark's undeveloped land inventory in the western provinces is 353,421 net acres with 76% located in Alberta, 13% in Saskatchewan and 11% in British Columbia. Activities directed toward the monetization of the undeveloped land base resulted in 31 farmout well drilled at no cost to the Fund. Of these 31 wells, 67% were successful. Many of the wells farmed out resulted in the Fund retaining a royalty interest and therefore we now have 472,654 gross acres in land under such arrangements. As a result of divestments of non-core properties and the acquisition of additional interests in existing properties and smaller properties with proportionately higher productivity, the Fund's developed acreage has decreased slightly over last year.

Land Inventory		**Developed**		**Undeveloped**	
Area	Royalty Acres	Gross Acres	Net Acres	Gross Acres	Net Acres
Alberta	318,949	1,094,969	211,546	677,401	268,311
British Columbia	50,301	209,280	22,253	112,829	37,244
Saskatchewan	101,317	75,530	26,100	86,842	47,422
Manitoba/NWT	2,087	2,621	565	1,230	444
Total	472,654	1,382,400	260,464	878,302	353,421

SEISMIC INVENTORY

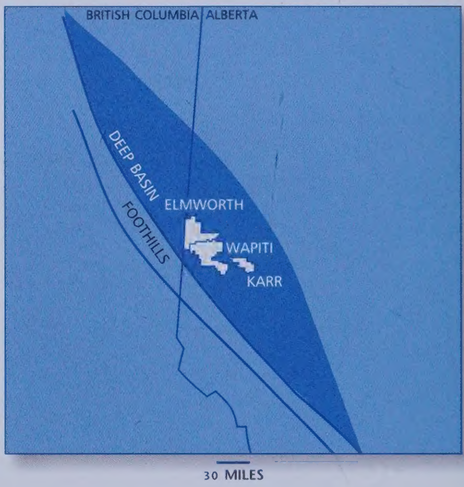
On March 31, 1998, EnerMark sold its 100% working interest proprietary seismic data in Alberta, Saskatchewan and British Columbia. Under the terms of the Sale Agreement, the Fund retained a 30 year, non-exclusive right to copy, access and use any or all of the data sold.

EnerMark Inc. also entered into an agreement with a Seismic Data Manager providing the Manager exclusive right to possess, manage and operate the data, as well as the non-exclusive right to market, broker and license the data. The Fund retains full ownership of this data.

DEEP BASIN, ALBERTA - 8% WORKING INTEREST, NON-OPERATED PROPERTIES

EnerMark has an average 8% working interest in 600,000 acres of land straddling the Alberta, British Columbia border which comprises the Deep Basin. The Deep Basin includes Elmworth, Wapiti and Karr, the three key producing areas. In aggregate this area produced an average of 11.5 MMcf/d of natural gas and 450 bbls/d of natural gas liquids net to the Fund in 1998.

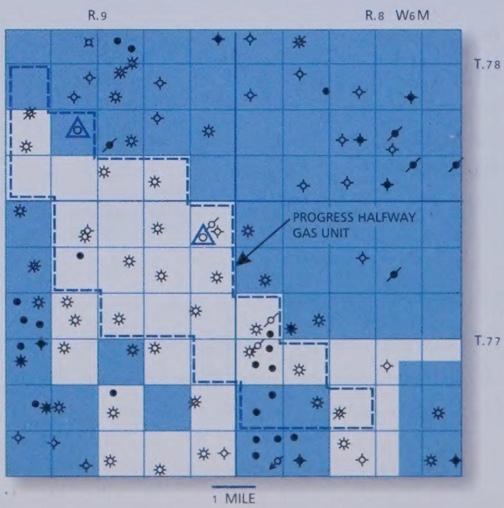
The Deep Basin is a multi-zoned, long-life natural gas property with a net 65.5 Bcf of established natural gas reserves and 2.4 million barrels of established natural gas liquids reserves. The established reserve life index for this property is 14.0 years.



EnerMark participated in the drilling of 25 successful natural gas wells in 1998. It is anticipated that the operators in this area will increase their levels of activity in 1999 as a result of the success achieved during 1998 and the strong outlook for natural gas.

PROGRESS, ALBERTA - 26.6% WORKING INTEREST - NON OPERATED UNIT

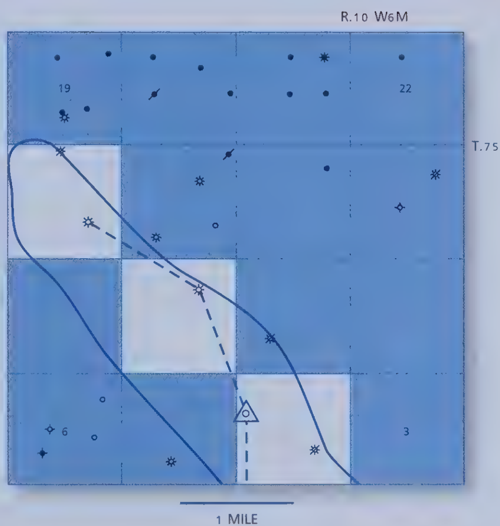
The Progress Halfway Unit No. 1 produced an average of 870 BOE/d in 1998, averaging 7.3 MMcf/d of natural gas and 135 bbls/d of natural gas liquids. Two wells were successfully drilled in 1998 adding approximately 8 MMcf/d gross (2.1 MMcf/d net) of incremental natural gas production.



Two additional wells will be drilled in 1999 and are expected to add approximately 1.8 MMcf/d net of natural gas production. This Unit has an established reserve life index of 10 years.

VALHALLA, ALBERTA - 40% WORKING INTEREST, OPERATED PROPERTY

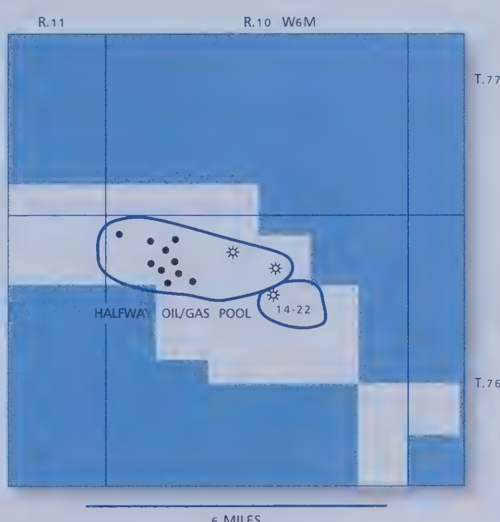
In October, 1998, EnerMark participated in the installation of compression facilities which were required to optimize the natural gas production for the Doe Creek zone in this area. Natural gas production averaged 2.6 MMcf/d gross or 1.0 MMcf/d net during 1998 and the property is currently producing 3.5 MMcf/d gross or 1.4 MMcf/d net, an increase of 35% to the Fund.



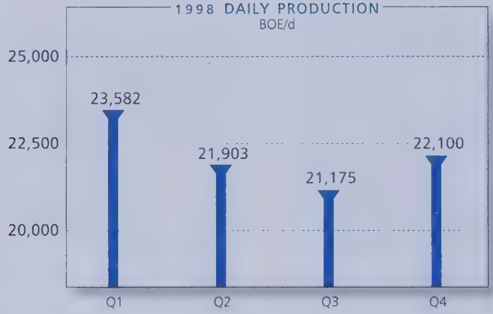
In addition to this improvement in the Doe Creek zone's gas production, Enermark is currently finalizing plans to develop and place on stream approximately 4.0 MMcf/d gross (1.5 MMcf/d net) of natural gas production from the Halfway zone. The natural gas produced from the Halfway is slightly sour and therefore must be tied in to and processed at a third party facility. EnerMark has farmed out a well to be drilled in Section 14 by an industry partner at no cost to EnerMark. It is anticipated that this well will be drilled in the second quarter of 1999 and that two additional wells in this Halfway pool will be tied in and placed on production in the third quarter.

VALHALLA NORTH, ALBERTA - 80% WORKING INTEREST, OPERATED PROPERTY

Valhalla North is a multi-zone property in which production is currently derived from both the Halfway and Gething zones. Production in 1998 averaged 270 bbls/d of oil and natural gas liquids and 2.1 MMcf/d of natural gas. The Fund plans to tie in a Halfway gas well at 14-22 that tested natural gas at rates of 3 MMcf/d. It is anticipated that this well will begin producing in the first quarter of 1999 at rates in excess of 2 MMcf/d gross or 1.2 MMcf/d net. The established reserved life index for this property is 14.0 years.



Acquisitions and Divestments



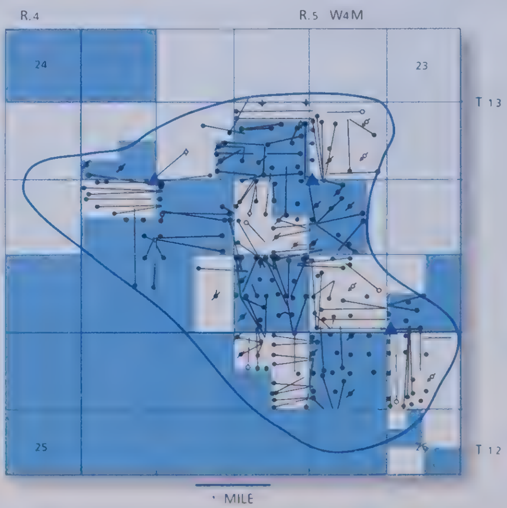
During the first half of 1998, the Fund seized the opportunity to divest itself of a number of non-core, low reserve life properties. These activities resulted in the sale of 1.4 million BOEs of reserves for $6.83/BOE, generating net proceeds of approximately $10 million to EnerMark.

These dispositions caused production rates to decline below the 1998 objective of 23,800 BOE/d. The Fund delayed making any major acquisitions during the first nine months of the year as the property market continued to soften. In the fourth quarter of 1998, price expectations for property sales declined to attractive levels due to the continuing weakness in energy prices. As a result EnerMark completed several acquisitions in the fourth quarter resulting in total new property investments of $32.5 million in 1998, which added 7.8 million BOEs. The net effect of acquisitions and dispositions during 1998 was the addition of 6.4 million BOEs at a net cost of $3.58 per BOE.

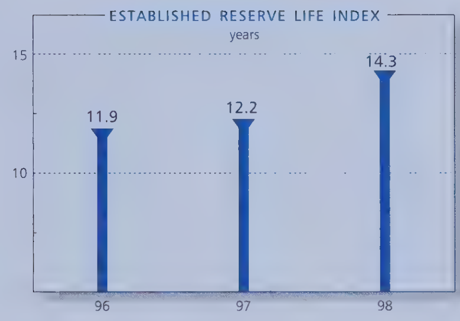
Acquisitions consisted of 6.6 million barrels of oil, primarily in the Medicine Hat and Weyburn areas and natural gas acquisitions of 11.1 Bcf focused in existing core areas at Patricia, Verger, Pine Creek and Medicine Hat.

MEDICINE HAT, ALBERTA

- Medium gravity oil operated property with an average working interest of 59%;
- Acquired during the fourth quarter of 1998;
- Current net production of 1,030 BOE/d;
- Additional infill drilling potential exists;
- Waterflood to be implemented in the fourth quarter of 1999;



RESERVES



In 1998, the Fund replaced 144% of its daily production and 103% of its established reserves. The following tables reflect EnerMark's reserves of crude oil, natural gas and NGLs which have been evaluated by the Fund. Sproule Associates Limited, a firm of independent petroleum engineers, has audited 82% of the Fund's total reserves. All evaluations of future net production revenues set forth in the tables are stated without any provision for income taxes, general and administrative costs and management fees. Probable reserves and values have been reduced by a factor of 50% to account for risk.

RESERVES SUMMARY

	Crude Oil (Mbbl)	Natural Gas (MMcf)	NGLs (Mbbl)	BOE (MBOE)	NPV 12% ($000)
Total established reserves as at December 31, 1997	51,984	396,083	11,108	102,700	$ 569,423
Proven, producing	35,151	217,757	6,601	63,528	364,837
Proven, non-producing	12,914	110,505	2,287	26,251	104,240
Total proven	48,065	328,262	8,888	89,779	469,077
Probable @ 50%	9,060	56,483	1,746	16,454	41,885
Total established reserves at December 31, 1998	**57,125**	**384,745**	**10,634**	**106,233**	**$ 510,962**

RESERVES RECONCILIATION

	Crude Oil (Mbbl)		Natural Gas (MMcf)		NGLs (Mbbl)		Total MBOE		Established MBOE Prov. & 50%
	Prov.	Prob.	Prov.	Prob.	Prov.	Prob.	Prov.	Prob.	Prob.
Opening Reserves at December 31, 1997	44,206	15,556	346,643	98,879	9,474	3,268	88,344	28,712	102,700
Production	(4,392)	-	(28,674)	-	(838)	-	(8,097)	-	(8,097)
Divestments	(96)	-	(11,224)	(985)	(137)	-	(1,355)	(99)	(1,405)
Acquisitions	3,712	5,810	11,330	(510)	120	1	4,965	5,760	7,845
Drilling and development	3,315	115	17,373	3,162	302	17	5,354	448	5,578
Revisions	1,320	(3,361)	(7,186)	12,420	(33)	206	568	(1,913)	(388)
Reserves at December 31, 1997	**48,065**	**18,120**	**328,262**	**112,966**	**8,888**	**3,492**	**89,779**	**32,908**	**106,233**

PRESENT WORTH OF PRODUCTION REVENUE (INCLUDING ARTC)

As at December 31, 1998, Present Worth Discounted at ($millions)	10%	**12%**	15%
Proven producing	$398.2	**$364.8**	$325.7
Proven non-producing	120.4	**104.3**	85.2
Total proven	518.6	**469.1**	410.9
Probable at 50%	50.7	**41.9**	32.2
Total established reserves	$569.3	**$511.0**	$443.1

NET ASSET VALUE

EnerMark increased its overall established reserve volumes by 3,533 MBOE or 3% over 1997. Proven reserves increased by 1,435 MBOE or 2% over 1997 levels. Notwithstanding this increase in reserve volumes, the value declined as a result of lower forecasted prices.

Net Asset Value as at December 31, 1998

($million, except per Unit amounts)	1998	1997
Present value of established reserves discounted at 12 percent	**$ 511.0**	$ 569.4
Undeveloped acreage and seismic	**28.1**	56.4
Net debt	**(185.5)**	(102.9)
Net asset value	**$ 353.6**	$ 522.9
Net asset value per Unit	**$ 3.30**	$ 4.76

PRICING ASSUMPTIONS

To calculate the present value of future cash flow, the December 31, 1998 crude oil and natural gas pricing assumptions prepared by Sproule Associates Limited for crude oil and natural gas were used. These forecasts are adjusted for any reserve quality adjustments, transportation charges and the provisions of any applicable sales contracts.

	Crude Oil		Natural Gas	
Year	WTI [(1)] Cushing Oklahoma $US/bbl	Light Crude [(2)] Edmonton $Cdn/bbl	TCGS [(3)] Average Plant Gate Price $Cdn/MMbtu	$US/Cdn Exchange Rate
1999	17.34	23.95	2.10	0.69
2000	18.73	25.18	2.12	0.71
2001	20.16	26.41	2.20	0.73
2002	20.57	26.95	2.28	0.73
2003	20.98	27.50	2.37	0.73

Escalation rate of 2.0% thereafter for crude oil; 3% to year 2010 for natural gas and 2% thereafter[(4)]

(1) West Texas Intermediate at Cushing, Oklahoma.

(2) Edmonton refinery postings for 40° API, 0.4% sulphur content crude.

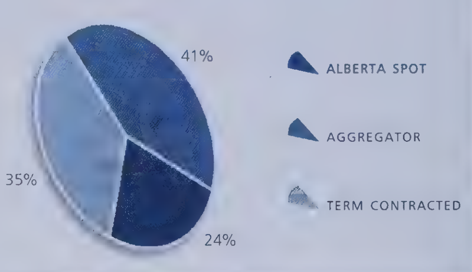
(3) Average prices for long-term natural gas sales contracts by TransCanada Gas Services Limited ("TCGS").

(4) Average percentage escalations per year.

Marketing Arrangements

NATURAL GAS

1998 NATURAL GAS CONTRACTS



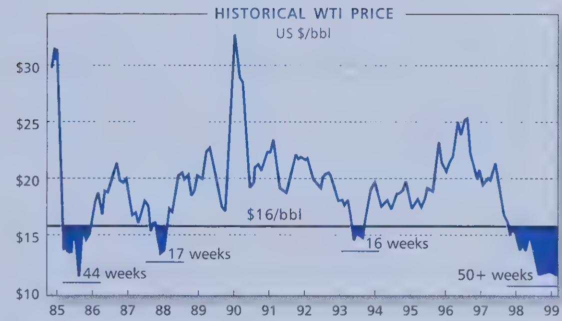
The Fund's percentage of revenues attributable to natural gas has risen sharply over the past three years from 23% in 1996 to 41% in 1998. During that period, the average price received by EnerMark for its natural gas has increased by 21% to $1.92/Mcf. The price increase can be attributed to two major factors. Firstly, low oil prices have eroded the amount of cash flow available to the industry for reinvestment and as a consequence, the reduced drilling activity has dramatically slowed the growth of natural gas production in western Canada. Secondly, Canadian natural gas export capacity increased substantially during 1998 as a result of the expansion of the TransCanada and Northern Border pipeline systems. In fact, many analysts are currently projecting that Canadian pipeline capacity will exceed the available supply for the foreseeable future. As a result, Canadian natural gas will no longer be bottlenecked due to transportation limitations, and therefore prices should track more closely with the historically higher priced U.S. market.

Revenue % by Source	**1998**	1997	1996
Natural gas	**41%**	30%	23%
Crude oil	**51%**	61%	69%
NGLs	**8%**	9%	8%
	100%	100%	100%

The market for natural gas in the U.S. has softened in recent months due to surplus inventories resulting from the combination of mild North American winters in 1997 and 1998 and reductions in demand as industrial users switch to lower priced fuel sources. However, drilling activity levels have also declined in the U.S. which will put downward pressure on productivity which should bring the market into balance in the latter part of 1999. EnerMark remains optimistic concerning natural gas and continues to position itself strategically to benefit from the future of this commodity. Our optimism is reflected in the gas futures market where five year contracts for delivery within Alberta are trading in the $2.85 per gigajoule range.

EnerMark's diverse portfolio of contractual arrangements ensures that the Fund is poised to participate in the upside of what has become a very dynamic marketplace. EnerMark will benefit from future price increases on its Alberta spot contracts as well as on its sales to the major aggregators, TransCanada, PanAlberta Gas and Progas Ltd., which provide a unique portfolio of contracts with a broad continental downstream exposure. Also, in order to provide a level of revenue certainty and stability, EnerMark has entered into a number of fixed price contracts that will yield $2.15/Mcf on 26% of the Fund's 1999 natural gas production.

CRUDE OIL

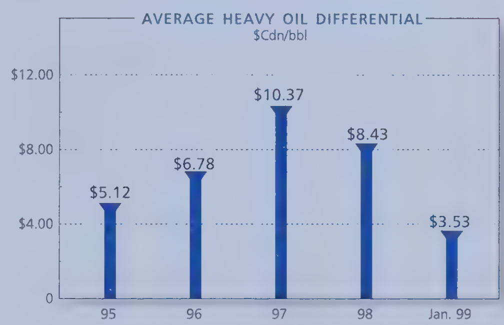


Since 1985, crude oil prices have fluctuated widely with the price of WTI averaging US$19.50 per barrel. During that period, WTI oil prices have been above US$16.00 over 87% of the time. The recent price decline which started in 1998 is the longest downturn since 1985.

Oil prices declined sharply in 1998 due to i) the slow down in Asian economies, which reduced demand for crude oil; ii) unusually warm North American winters in 1997 and 1998 which led to surplus inventories of heating oil; and iii) the re-entry of Iraq into world oil markets.

These factors resulted in world oil prices reaching their lowest levels since the 1973 Arab oil embargo with the 1998 WTI price averaging US$14.41 per barrel (US$20.48 in 1997). The Fund's average crude oil and NGL price received during 1998 was $15.16, a 33% drop from 1997. Wellhead netbacks collapsed to the lowest level in the past 20 years, placing tremendous downward pressure on exploration and development programs. Oil companies have reacted to the recent oil price weakness by reducing staff levels and slashing capital expenditure programs. As a result, analysts are projecting that as oil companies and OPEC countries cut back drilling, 1999 world oil production will decline and ultimately lead to higher prices.

OIL QUALITY DIFFERENTIALS



The Fund produced 3,070 bbls/d of heavy oil in 1998, with an additional 1,175 bbls/d comprising medium heavy oil. As such, these components of EnerMark's production stream are subject to quality differential adjustments. Over the course of 1998, differentials began narrowing as low oil prices forced Canadian heavy oil producers to shut-in uneconomic wells and reduce drilling activity. This caused Canadian production levels to fall below pipeline take-away capacity available to supply the strong U.S. demand for heavy oil. As we enter 1999, differentials have fallen further and are currently at record low levels. We anticipate that these differentials will remain low during 1999 as weak oil prices continue to impact revenues and drilling activity. As a result, the Fund's overall netbacks, relative to the WTI posting, are expected to improve in 1999.

Environment & Safety

EnerMark has a primary and continuing commitment to protect the environment and the health and safety of all persons and communities affected by and involved in its activities. The Fund employs a number of strategies to ensure that all relevant staff are trained to competently handle operational tasks, thereby safeguarding both the well being of all persons as well as the environment. The prevention of losses to people, equipment, materials and damage to the environment is a combined effort of the Fund and its employees.

EnerMark regularly conducts safety and environmental training for the field foremen and operations staff, who then implement this training in the field with employees and other operators. Production optimization, operator training and development, and orientation programs are held which include such topics as emergency response, media relations, first aid and CPR , and oil spill training. Occupational health and safety, environmental regulations, site remediation and waste handling training are also included to continually improve the knowledge and expertise of our employees.

ACQUISITION DUE DILIGENCE

EnerMark conducts thorough due diligence on all prospective acquisitions of the Fund. Site inspections and soil and ground-water sampling, if required, are conducted by environmental consultants and/or an internal Company team. Potential soil and ground-water issues are identified at this stage to help protect the EnerMark from purchasing properties with significant environmental liabilities.

SITE INSPECTIONS PROGRAM

As part of our regular due diligence program, EnerMark conducts both internal and third party site inspections at selected facilities each year. These inspections review issues relating to environment and safety regulations, industry practices and company and operational practices. In total, 21 operated properties and three non-operated properties were inspected in 1998 with no material issues identified by these inspections.

SPILL / INCIDENT CONTROL

EnerMark field staff are required to report all spills, incidents and near misses to the Environment and Safety department for review. The review of such incidents allows the Fund to determine the factors responsible and assist in the identification of other similar situations prior to any incidents occurring. Overall, EnerMark is confident that the program will reduce the occurrence of spills and prevent future losses.

EMISSIONS GUIDELINES

In response to recent regulatory changes to benzene emissions requirements, EnerMark has completed an analysis of the benzene volumes emitted at well sites and facilities and is pleased to report that equipment at the 17 sites impacted by this legislation emit significantly less benzene per year than outlined by the requirements. As future emission requirements become more stringent, we are confident that we will be able to achieve these standards.

Management's Discussion & Analysis

REVENUE

Gross revenues were $134.1 million for the year ended December 31, 1998 versus $173.9 million for the year ended December 31, 1997. Crude oil and NGLs production for 1998 averaged 14,328 bbls/d, down 3% from the 1997 average of 14,846 bbls/d. Natural gas averaged 78,558 Mcf/d during 1998 which was 2% greater than the 1997 average of 76,894 Mcf/d. The average crude oil and NGLs price of $15.16/bbl was $7.26/bbl or 32% lower than the 1997 price of $22.42/bbl. Natural gas averaged $1.92/Mcf, which was $0.05/Mcf or 3% higher than the price in 1997 of $1.87/Mcf. Interest and other income increased by $4.0 million primarily as a result of interest earned on U.S. dollar term deposits held during 1998 and a related foreign exchange gain realized when these deposits were converted into Canadian dollars.

The following table analyses the changes in gross crude oil and natural gas revenues over the past year:

($millions)	Crude Oil & NGLs Revenues	Natural Gas Revenues	Other Revenues	Total	Percent Change	Crude Oil & NGLs/ Gas Ratio
1997 gross revenues	$121.5	$52.6	$(0.2)	$173.9	+31%	70:30
Increase (decrease)						
Volume variance	(4.2)	1.1	-	(3.1)		
Price variance	(38.0)	1.5	(0.2)	(36.7)		
	(42.2)	2.6	(0.2)	(39.8)		
1998 gross revenues	**$79.3**	**$55.2**	**$(0.4)**	**$134.1**	**-23%**	**59:41**

EXPENSES

The net royalty rate for 1998 increased marginally by 0.4% to 18.5% over 1997 levels, however, royalty expense, net of ARTC, decreased by $6.5 million or 20.8% as a consequence of the lower oil and NGL prices. Operating expenses were $40.4 million in 1998 compared to $39.9 million for 1997. On a BOE basis, operating expenses increased by 3% to $4.99 per BOE from $4.85 per BOE.

General and administrative costs expensed increased by $1.1 million or 23% to $5.6 million and on a BOE basis, by 25% to $0.69 per BOE. The increase is mainly due to lower capitalization of general and administrative costs as a result of lower capital related activity in 1998, when compared with 1997. Management fees decreased by $0.8 million or 35% as a result of lower oil and gas operating income.

Interest expense increased by $4.6 million to $9.7 million in 1998 due to higher average outstanding bank debt and higher interest rates.

Depletion, depreciation and amortization declined by $3.1 million or 4% in 1998 due to the addition of proven reserves at a cost below the depletion rate in 1997 and a marginal drop in production volumes. The charge for depletion and amortization on a BOE basis decreased by 3% to $8.51 from $8.75 per BOE in 1997.

FUNDS FLOW FROM OPERATIONS AND NET INCOME

Funds flow from operations decreased by $28.9 million or 31% to $63.9 million in 1998 due to lower crude oil and NGLs prices and higher costs of borrowing which were partially offset by lower royalties and the recovery of ARTC and related interest applicable to the periods prior to the reorganization of Mark into EnerMark and the interest and exchange gain on U.S. dollar deposits.

Net income decreased by $15.0 million for 1998 due primarily to the decrease in funds flow from operations which was offset, in part, by lower depletion, depreciation and amortization charges and a higher deferred income tax recovery.

CASH AVAILABLE FOR DISTRIBUTION

Cash available for distribution decreased by 28% to $70.1 million ($0.640 per Unit) in 1998 due to lower funds flow from operations which was partially offset by the distribution of proceeds realized on the sale of property, plant and equipment. Cash available for distribution in 1997 included the operating cash flows of Quest Oil & Gas, Inc. from the effective date to the closing date of the acquisition.

Cash available for distribution is paid out by way of monthly cash payments to Unitholders on the 20th day of each month, with an adjustment at each quarter's end.

The following table analyses changes in cash available for distribution over the past year:

($millions)	Crude Oil & NGLs Revenues	Natural Gas Revenues	Other	Expenses	Total
1997 Cash available for distribution					$97.2
Increase (decrease):					
Volume variance	$(4.2)	$1.1	$ -	$ -	$(3.1)
Price variance	(38.0)	1.5	(0.2)	-	(36.7)
Interest and other income	-	-	3.7	-	3.7
Royalties, net of ARTC	-	-	-	6.5	6.5
ARTC recovery				6.1	6.1
Operating, interest and other costs	-	-	-	(5.4)	(5.4)
Proceeds on sale of property, plant and equipment	-	-	6.1	-	6.1
Quest cash flow from effective to closing date	-	-	(5.0)	-	(5.0)
Funds flow attributable to Units held by wholly-owned subsidiary	-	-	0.7	-	0.7
	$(42.2)	$2.6	$ 5.3	$ 7.2	$(27.1)
1998 Cash available for distribution					**$70.1**

INCOME TAXES

The Fund is required to file an income tax return on an annual basis. Any income otherwise taxable in the Fund is allocated to Trust Unitholders. Approximately 19 cents per Unit of the 1998 cash distribution was taxable for EnerMark Unitholders compared to 20 cents per Unit for 1997. As a percentage of total distributions per Unit, the taxable portions were 32% and 21% respectively for 1998 and 1997.

The Fund qualifies as a mutual fund trust under the Canadian Income Tax Act and, accordingly, Units of the Fund are qualified investments for RRSPs, RRIFs and DPSPs.

The following is a general summary of the income tax consequences to a Unitholder who is a Canadian resident and holds the Units as a capital property:

- Unitholders are required to include in computing income their pro-rata share of any taxable income earned by the Fund in that year. Income of a Unitholder is considered income from property and not resource revenue.

- An investor's adjusted cost base ("ACB") in a Trust Unit equals the purchase price of the Unit less any non-taxable cash distributions received from the date of acquisition. To the extent a Unitholder's ACB in a Trust Unit is reduced below zero, such amount will be deemed to be a capital gain to the Unitholder and the Unitholder's ACB in the Trust Unit will be brought to $Nil. In general, Unitholders will have a capital gain or a capital loss upon disposition of the Units.

The following table presents the taxable portion of cash distributions per Trust Unit:

		1998		1997	
Record date	Payment date	**Distribution**	**Taxable Portion**	Distribution	Taxable Portion
March 10	March 20	**$0.075**	**$0.0239**	$0.075	$0.0161
April 10	April 20	**0.075**	**0.0239**	0.075	0.0161
May 10	May 20	**0.075**	**0.0239**	0.090	0.0193
June 10	June 20	**0.055**	**0.0176**	0.075	0.0161
July 10	July 20	**0.055**	**0.0176**	0.075	0.0161
August 10	August 20	**0.055**	**0.0176**	0.090	0.0193
September 10	September 20	**0.055**	**0.0176**	0.075	0.0161
October 10	October 20	**0.040**	**0.0127**	0.075	0.0161
November 10	November 20	**0.045**	**0.0144**	0.090	0.0193
December 10	December 20	**0.040**	**0.0127**	0.075	0.0161
December 31	January 20, 1999	**0.030**	**0.0096**	0.075	0.0161
February 10	February 20, 1999	**-**	**-**	0.075	0.0161
Total amount		**$0.600**	**$0.1915**	$0.945	$0.2028

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, the Fund's capital structure was as follows:

($millions)	1998 Amount	1998 %	1997 Amount	1997 %	1996 Amount	1996 %
Trust Unit equity, at cost	**$365.6**	**66%**	$446.5	81%	$412.1	91%
Bank debt, net of working capital	**185.5**	**34%**	102.9	19%	38.4	9%
Total	**$551.1**	**100%**	$549.4	100%	$450.5	100%

As at December 31, 1998 the Fund had an unused line of credit of $16.0 million.

CAPITAL EXPENDITURE FUNDING

The ongoing capital expenditures of the Fund are financed through new issues of Trust equity, bank borrowing and funds flow from operations.

Bank loan principal payments, interest and capital expenditures are allowable deductions from cash otherwise available for distribution to Unitholders. During 1998, no amounts were withheld from cash available for distribution for bank loan payments or capital expenditures.

Net capital expenditures for the period amounted to $56.5 million. Expenditures were incurred for property acquisitions of $32.5 million with drilling and facility construction accounting for $32.2 million. Corporate expenditures amounted to $1.3 million. Net divestments of undeveloped land, properties, facilities and seismic data amounted to $9.5 million.

YEAR 2000 STATUS

In 1997, the Fund began the process of reviewing the key technology and software components used internally to assess the potential problems and remediation costs associated with the year 2000 issue. The year 2000 issue originates from the fact that many computer systems and software applications have been designed to recognize dates using only the last two digits of the year, leading to various date recognition problems such as the incorrect assumption of the year being 1900 versus 2000.

EnerMark management is fully aware of the year 2000 issue and has established a formal Year 2000 Readiness Program to proactively mitigate potential serious exposure, both internally as well as year 2000 problems affecting our key suppliers and customers. The Fund actively participates in industry joint effort groups to ensure best business practices are used in concert with the industry peer group. The Fund has established a year 2000 project team with representation from the functional disciplines, senior management and external consultants. A year 2000 project manager was appointed to oversee and provide consistency to the overall process and coordinate the required support resources. Senior Management and the Fund's Board of Directors are provided updates on year 2000 status at regular intervals and at each board meeting.

The Fund's year 2000 plan consists of five phases; inventory, risk assessment, testing, remediation including further testing and contingency planning. The key technology areas included in the project are the critical internal desktop hardware and software, infrastructure hardware and software and field process control systems.

Inventories of critical computer hardware and software and field process control systems have been completed. Subsequent to the inventory, a risk assessment was conducted to determine the testing requirements for internal systems. Testing and remediation of serious internal system issues identified through the risk assessment process are 90% complete. Remaining activity in this area primarily involves implementing software upgrades as they become available by third party software vendors. Scheduled testing and replacement of noncompliant embedded field systems is ongoing and is expected to be completed by July, 1999. Contingency plans have been finalized for internal systems and are well under way for the field process control systems.

Although EnerMark is in the process of conducting its due diligence to prepare internal systems and operated areas for year 2000, there are dependencies on third party software vendors, third party suppliers for transportation of product, for power to extract the product, for non-operated production and for other supply chain services. EnerMark has requested year 2000 readiness statements from key suppliers and customers and is currently finalizing a supplier risk assessment to focus on high risk suppliers and customers. The Fund has no means of ensuring that all customers and suppliers will be Year 2000 compliant. However, based on responses from high risk suppliers, EnerMark will consider new business relationships with alternate providers of products and services as necessary to the extent alternatives are available.

EnerMark reasonably believes that the methodology used is expected to minimize the impact of year 2000 problems and through contingency planning and clean management policies, the Fund will have identified alternatives for the management and proactive deployment of technology and resources. To the best of the Fund's knowledge, the remediation costs associated with the project are not expected to have a material effect on the financial results of the Fund.

RISK MANAGEMENT

Certain risks are associated with the finding, development, production and marketing of oil and gas products. In addition, the oil and gas industry is subject to federal and provincial government regulation.

Commodity pricing is another risk faced by energy companies such as EnerMark. A Risk Management Committee has been established to continually evaluate market conditions. The Committee meets on a monthly basis and makes recommendations concerning the forward sale of commodities, foreign exchange and bank interest rates. As of December 31, 1998, no crude oil or natural gas products were hedged for 1999 or future years.

While EnerMark has no control over commodity pricing and changes in legislation, nor changes to the ARTC, the Fund has developed several strategies to mitigate these risks. For example, new property acquisitions must meet the following guidelines:

- Evaluated by independent engineers where the purchase price exceeds $5 million;
- Purchase price on a single transaction not to exceed present worth of estimated future net cash flow using a discount rate equal to the lesser of:
    - twice the yield on 10 year Government of Canada bonds, or
    - the yield on 10 year Government of Canada bonds plus 4% after deducting general and administrative expenses and incorporating the impact of debt financing, but before income taxes;
- Not more than 25% of the value of all oil and natural gas properties to be attributed to a single pool;
- Not more than 75% of the value of all oil and natural gas properties to be attributed to natural gas;
- Other guidelines must be approved by the Board of Trustees of the Fund and the Board of Directors of EnerMark Inc. from time to time.

Furthermore, the following strategies also help mitigate risk:

- Farm out exploratory or other high-risk drilling prospects;
- Participate in low risk development activities;
- Use reliable suppliers;
- Monitor pipeline and market conditions closely;
- Market products to a diverse range of buyers;
- Meet or exceed industry standards for liability insurance and purchase business interruption insurance for selected facilities where available;
- Keep abreast of current affairs to act quickly and proactively where possible; and
- Use the latest technology to improve all facets of business processes.

Financial Statements

Management's Responsibility

Management of the Fund is responsible for the preparation of the consolidated financial statements for the EnerMark Income Fund and for the consistency therewith of all other financial and operating data presented in this annual report.

Management maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely information.

External auditors, appointed by the Fund's Board of Trustees, have examined the consolidated financial statements of the Fund. The Audit Committee, consisting of unrelated Trustees of the Fund, has reviewed these statements with Management and the auditors, and has recommended their approval to the Board of Trustees. The Board of Trustees has approved the consolidated financial statements of the Fund.

Marcel J. Tremblay
President and Chief Executive Officer

Gordon J. Kerr

Gordon J. Kerr
Vice President Finance and Chief Financial Officer

Auditors' Report

TO THE UNITHOLDERS OF ENERMARK INCOME FUND:

We have audited the consolidated balance sheet of EnerMark Income Fund as at December 31, 1998, 1997 and 1996 and the consolidated statements of net income, accumulated income, accumulated distributions and changes in financial position for each of the periods in the three year period ended December 31, 1998. These financial statements are the responsibility of the Fund's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1998, 1997 and 1996 and the results of its operations and the changes in its financial position for each of the periods in the three year period ended December 31, 1998 in accordance with generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Alberta
February 26, 1999.

CONSOLIDATED BALANCE SHEET

As at December 31 ($thousands)	1998	1997	1996
Assets			
Current assets			
Cash and short-term investments	$ 1,682	$ 34,786	$ 11,795
Accounts receivable	15,532	21,592	26,073
Other	638	3,550	4,320
	17,852	59,928	42,188
Property, plant and equipment	771,291	714,775	547,046
Accumulated depletion and depreciation	(174,743)	(109,528)	(41,983)
	596,548	605,247	505,063
Other Assets			
Deferred reorganization charges, net of amortization (*Note 3*)	2,273	3,283	4,293
Investments	1,208	1,745	-
	3,481	5,028	4,293
	$ 617,881	$ 670,203	$ 551,544
Liabilities and equity			
Current liabilities			
Accounts payable	$ 17,863	$ 30,167	$ 17,109
Payable to related company (*Note 3*)	1,462	4,218	3,599
	19,325	34,385	20,708
Bank debt (*Note 2*)	184,034	128,468	59,837
Deferred income taxes	36,550	50,167	53,189
Accumulated site restoration	12,411	10,731	5,723
	232,995	189,366	118,749
Equity			
Fund capital (*Note 4*)	538,004	548,706	436,433
Accumulated income	52,574	43,693	19,838
Accumulated distributions	(225,017)	(145,947)	(44,184)
	365,561	446,452	412,087
	$ 617,881	$ 670,203	$ 551,544

Signed on behalf of the Board:

Marcel J. Tremblay
Trustee

André Bineau
Trustee

CONSOLIDATED STATEMENT OF NET INCOME

For the period ended December 31 ($thousands)	1998[1]	1997[1]	1996[2]
Revenues			
Oil and gas sales	$ 134,102	$ 173,919	$ 132,423
Crown royalties	(21,217)	(25,869)	(22,300)
Alberta royalty tax credit	1,471	1,387	1,304
Freehold and other royalties	(5,104)	(6,914)	(4,768)
	109,252	142,523	106,659
Interest and other income	8,099	4,062	114
Recovery of ARTC (*Note 8*)	6,081	-	-
	123,432	146,585	106,773
Expenses			
Operating	40,423	39,886	25,928
General and administrative	5,604	4,544	5,287
Management fee (*Note 3*)	1,516	2,338	1,983
Interest	9,731	5,092	5,776
Depletion, depreciation and amortization	68,932	72,006	44,074
	126,206	123,866	83,048
Net income (loss) before taxes	(2,774)	22,719	23,725
Capital taxes	1,962	1,868	1,517
Deferred income taxes (recovery) (*Note 5*)	(13,617)	(3,004)	2,076
Current income taxes (*Note 5*)	-	-	294
	(11,655)	(1,136)	3,887
Net income	$ 8,881	$ 23,855	$ 19,838
Net income per Trust Unit	$ 0.08	$ 0.24	$ 0.27
Weighted average number of Trust Units outstanding during the period	109,507,194	100,023,159	73,833,765

CONSOLIDATED STATEMENT OF ACCUMULATED INCOME

For the period ended December 31 ($thousands)	1998[1]	1997[1]	1996[2]
Accumulated income, beginning of period	$ 43,693	$ 19,838	$ -
Net income	8,881	23,855	19,838
Accumulated income, end of period	$ 52,574	$ 43,693	$ 19,838

[1] for the year ended December 31, 1998 and 1997
[2] for the period from inception April 3, 1996 to December 31, 1996

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the period ended December 31 ($thousands)	1998[1]	1997[1]	1996[2]
Operating activities			
Net income	$ 8,881	$ 23,855	$ 19,838
Depletion, depreciation and amortization	68,932	72,006	44,074
Deferred income taxes (recovery)	(13,617)	(3,004)	2,076
Gain on sale of investment	(267)	-	-
Funds flow from operations	63,929	92,857	65,988
Decrease (increase) in non-cash working capital	(6,088)	15,780	(37,607)
	57,841	108,637	28,381
Financing activities			
Issue of Trust Units (*Note 4*)	8,172	112,273	145,333
Repurchase of Trust Units (*Note 4*)	(18,874)	-	-
Cash distributions to Unitholders	(79,070)	(101,763)	(44,184)
Bank loan (payments) proceeds	55,566	50,823	(57,024)
Other	-	-	236
	(34,206)	61,333	44,361
Investing activities			
Property, plant and equipment	(65,984)	(65,822)	(90,023)
Proceeds on sale of property, plant & equipment	9,468	45,824	13,308
Acquisition of Quest Oil & Gas, Inc. (*Note 7*)	-	(124,885)	-
Proceeds on sale of investments	804	(1,745)	-
Site restoration and abandonment	(1,027)	(351)	(674)
	(56,739)	(146,979)	(77,389)
Increase (decrease) in cash & short-term investments	(33,104)	22,991	(4,647)
Cash and short-term investments, beginning of period	34,786	11,795	16,442
Cash and short-term investments, end of period	$ 1,682	$ 34,786	$ 11,795

CONSOLIDATED STATEMENT OF ACCUMULATED DISTRIBUTIONS

For the period ended December 31 ($thousands)	1998[1]	1997[1]	1996[2]
Accumulated distributions, beginning of period	$ 145,947	$ 44,184	$ -
Distributions	79,070	101,763	44,184
Accumulated distributions, end of period	$ 225,017	$ 145,947	$ 44,184

1 for the year ended December 31, 1998 and 1997
2 for the period from inception April 3, 1996 to December 31, 1996

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 1998 and 1997 and for the period from inception April 3, 1996 to December 31, 1996 (tabular amounts shown in $thousands, except Unit and per Unit amounts).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

EnerMark Income Fund (the "Fund") was formed for the purpose of effecting an arrangement under the Business Corporations Act (Alberta), involving, among other things, the exchange of Mark Resources Inc. ("Mark") securities for Units of the Fund (the "Arrangement"). The effective date of the Arrangement was April 3, 1996.

The Fund is an unincorporated investment trust governed by the laws of the Province of Alberta and created pursuant to a Declaration of Trust. The beneficiaries of the Fund (the "Unitholders") are holders of Trust Units issued by the Fund (the "Trust Units"). The Fund is a limited-purpose trust whose purpose is to invest in securities of its wholly-owned subsidiary EnerMark Inc. ("EnerMark"), invest in royalties granted by EnerMark, administer the assets and liabilities of the Fund and make distributions to the Unitholders all in accordance with the Declaration of Trust.

The Management of the Fund prepares its financial statements following accounting policies generally accepted in Canada. The following significant accounting policies are presented to assist the reader in evaluating these consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements.

B. BASIS FOR ACCOUNTING

The consolidated financial statements include the accounts of the Fund, EnerMark and EnerMark's subsidiaries. All transactions between the Fund, EnerMark and EnerMark's subsidiaries have been eliminated for purposes of these consolidated financial statements.

C. PROPERTY, PLANT AND EQUIPMENT - OIL AND GAS

The Fund follows the full cost method of accounting. All costs of acquiring oil and natural gas properties and related development costs are capitalized and accumulated in separate cost centres for each country. Maintenance and repairs are charged against earnings, and renewals and enhancements, which extend the economic life of the property, plant and equipment are capitalized. During 1998, general and administrative costs of $3,238,000 (1997 - $3,823,000, 1996 - $2,116,000) were capitalized. No interest expenses have been capitalized.

Gains and losses are not recognized upon disposition of oil and natural gas properties unless such a disposition would significantly alter the rate of depletion.

D. CEILING TEST

The Fund places a limit on the aggregate cost of property, plant and equipment which may be carried forward for amortization against revenues of future periods (the "ceiling test"). The ceiling test is a cost recovery test whereby the capitalized costs less accumulated depletion and site restoration are limited to an amount equal to estimated undiscounted future net revenues from proven reserves based on year-end prices, plus the unimpaired costs of non-producing properties less estimated future general and administrative expenses, site restoration costs, management fees, financing costs and capital taxes. Future distributions to Trust Unitholders, whether or not they are required under the Trust Indenture, are not considered future financing costs for purposes of the ceiling test. Costs and prices at the balance sheet dates are used in determining ceiling test amounts. Any costs carried on the balance sheet in excess of the ceiling test limitation are charged to earnings.

E. DEPLETION AND DEPRECIATION

The provision for depletion and depreciation of oil and natural gas assets is calculated using the unit of production method based on the Fund's share of proven reserves before royalties. Reserves are converted to equivalent units on the basis of approximate relative energy content.

F. SITE RESTORATION AND ABANDONMENT

The provision for estimated site restoration costs is determined using the unit of production method and is included in the depletion, depreciation and amortization expense. Actual site restoration costs are charged against the accumulated liability.

G. OTHER EQUIPMENT

All other equipment is carried at cost and is depreciated over the estimated useful lives of the assets at annual rates varying from 10% to 30%.

H. JOINT VENTURE

Substantially all oil and natural gas production activities are conducted jointly with others. Accordingly, the accounts reflect the Fund's proportionate interest in these activities.

I. CASH DISTRIBUTIONS

Cash distributions are calculated on an accrual basis and are paid monthly to the Unitholders based upon funds available for distribution. *(See Note 6).*

J. FOREIGN CURRENCY TRANSLATION

Foreign currency balances of foreign subsidiaries are translated into Canadian dollars using the temporal method. The monetary assets and liabilities are translated at the prevailing rates of exchange at the balance sheet date. Nonmonetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the average rate of exchange during the month the transaction occurred. Any resulting gains and losses are included in earnings.

K. INCOME TAXES

The Fund is an inter vivos trust for income tax purposes. As such, the Fund is taxable on any income which is not allocated to the Unitholders. The Fund intends to allocate all income to Unitholders. Should the Fund incur any income taxes, the funds available for distribution will be reduced accordingly. Provision for income taxes is recorded in EnerMark, and its subsidiaries, at applicable statutory rates.

L. DEFERRED REORGANIZATION CHARGES

Deferred reorganization charges are related to the Arrangement. These charges are being amortized over a five year period.

M. INVESTMENTS

Investments are shown on the balance sheet at the lower of cost or net realizable value.

N. FINANCIAL INSTRUMENTS

The Fund's financial instruments that are included in the balance sheet are comprised of accounts receivable, current liabilities and long-term debt.

(i) Fair values of financial assets and liabilities: The fair values of financial instruments that are included in the balance sheet, including long-term debt, approximate their carrying amount due to the short-term maturity of those instruments and the variable prime rate applied to long-term debt.

(ii) Credit risk: Virtually all of the Fund's accounts receivable are with customers in the oil and natural gas industry and are subject to normal industry credit risks.

2. BANK DEBT

EnerMark has banking arrangements for a revolving, extendible production credit facility (the "Facility") from a Canadian chartered bank in the amount of $200,000,000 (1997 - $200,000,000, 1996 - $175,000,000). As at December 31, 1998, $15,966,000 was unutilized (1997 - $71,500,000, 1996 - $115,200,000). During the revolving period of the Facility, only interest payments are required. The Facility is reviewed annually. In the event the revolving period is not extended, an automatic term loan facility results requiring monthly interest payments with principal repayments made quarterly over a maximum period of five years. Interest charged on bank indebtedness is incurred under several pricing options, however, the maximum rate incurred will generally be the bank's prime rate. Substantially all of the assets of EnerMark are provided as security for the Facility in priority to all royalties or other securities of EnerMark held by the Fund.

The bank loan is the legal obligation of EnerMark. The Unitholders have no direct liability to EnerMark should the properties securing the debt generate insufficient revenues.

3. RELATED PARTY TRANSACTIONS

Pursuant to an agreement with EMR Resource Management Ltd. ("EMR"), EMR provides management, advisory and administration services to the Fund and EnerMark. As at December 31, 1998 $1,462,000 (1997- $4,218,000, 1996 - $3,599,000) was payable to EMR pursuant to this agreement.

In addition to the fees of 2.2% (1997 - 2.2%, 1996 - 2.5%) of Canadian operating income which are reported on the Consolidated Statement of Net Income, EMR earned fees of $703,000 (1997 - $2,915,000, 1996 - $1,779,000) in relation to certain property acquisitions and divestitures of EnerMark. These amounts which are based on 1.5% of the purchase price or 1.25% of the sales proceeds of oil and natural gas properties are included in the cost of property, plant and equipment. In 1996, EMR also earned fees associated with the Arrangement in the amount of $5,000,000. These are included in deferred reorganization charges.

4. FUND CAPITAL

A. UNITHOLDERS' CAPITAL

Authorized: Unlimited number of EnerMark Income Fund Trust Units

	1998[1]		1997[1]		1996[2]	
Issued:	**Units**	**Amount**	Units	Amount	Units	Amount
Balance, beginning of period	**109,933,012**	**$548,706**	93,231,140	$436,433	72,861,919	$291,100
Acquisition of						
Quest Oil & Gas, Inc. *(Note 7)*	-	-	1,190,660	8,070	-	-
Issued for cash:						
Pursuant to Option Plans	-	-	635,756	4,106	369,461	2,385
Pursuant to public offering	-	-	13,000,000	87,185	20,000,000	142,950
Issued pursuant to Distribution						
Reinvestment Plan	**1,762,006**	**8,190**	817,278	5,413	-	-
Purchased for cancellation	**(4,523,100)**	**(18,874)**	-	-	-	-
Issued pursuant to sale of Units						
held by wholly-owned subsidiary	-	-	1,058,267	7,500	-	-
Redeemed	**(4,435)**	**(18)**	(89)	(1)	(240)	(2)
Fund capital	**107,167,483**	**$538,004**	109,933,012	$548,706	93,231,140	$436,433

In January 1998 the Fund received regulatory approval to purchase for cancellation up to 5.4 million of its outstanding Trust Units, until January 4, 1999. As at December 31, 1998, 4,523,100 Trust Units were purchased at an average cost of $4.17 per Unit, net of related fees.

In 1998, EnerMark entered into agreements with two Corporations (the "Corporations") whereby those Corporations will expend approximately $2.8 million in joint venture with EnerMark (the "Arrangements"). Under the terms of the Arrangements, the Corporations have the option to put the common shares of the Corporation (the "Shares") to EnerMark at their fair market value, as at February 1, 2001, as determined by an independent evaluator. The sole purpose of the Corporations will be to hold the oil and natural gas interests earned under the Arrangements. EnerMark has the option of paying for the shares either by way of cash or through the issuance of Trust Units of the Fund. If EnerMark elects to issue Trust Units as consideration for the purchase of the shares, the price of the Trust Units, for issuance, will be based on 95% of the average closing price of the Trust Units for the 60 day period preceding February 1, 2001.

Pursuant to a plan of arrangement which was completed on April 22, 1997, the Fund acquired all of the issued and outstanding shares and warrants of Quest Oil & Gas, Inc. *(Note 7)*. The total consideration paid included the issuance of 1,190,660 Units of the Fund recorded at a value of $6.778 per Unit.

The Fund issued 13,000,000 Units at a price of $7.10 per Unit pursuant to a short form prospectus which closed on August 9, 1997. Costs of the issue were $5,115,000 and have been recorded as a reduction of Fund capital.

[1] for the year ended December 31, 1998 and 1997
[2] for the period from inception April 3, 1996 to December 31, 1996

The Fund issued 20,000,000 Trust Units at a price of $7.55 per Unit pursuant to a short form prospectus which closed on December 3, 1996. Costs of the issue were $8,050,000 and have been recorded as a reduction of Fund capital.

Units are redeemable by Unitholders at any time, on demand, at 85% of the market price in effect from time to time.

Pursuant to a monthly Distribution Reinvestment and Unit Purchase Plan, which became effective on March 1, 1997, Unitholders are entitled to reinvest cash distributions in additional Units of the Fund. Unitholders are also entitled to make optional cash payments to acquire additional Units. Units are issued at a discount of 5% below the average market price on the Toronto Stock Exchange for the five trading days preceding a distribution payment date and without service charges or brokerage fees.

On October 29, 1997 a wholly-owned subsidiary of EnerMark disposed of its entire investment in the Fund consisting of 1,058,267 Units for total proceeds of $7,500,000, net of costs related to the sale.

B. UNIT OPTIONS

On August 22, 1996 a special resolution was passed approving a Trust Unit Option Plan (the "Option Plan") for trustees, directors, officers, employees and consultants of the Fund or its affiliates and related parties involved in the management of the Fund. Activity was as follows:

	1998[1]	1997[1]	1996[2]
Outstanding as at beginning of period	**3,360,077**	2,536,924	-
Granted, during the period	**1,420,386**	1,558,903	2,989,652
Exercised, during the period	**-**	(522,775)	(319,505)
Cancelled, during the period and reserved under the Option Plan	**(228,705)**	(212,975)	(133,223)
Outstanding as at end of period	**4,551,758**	3,360,077	2,536,924
Balance of Trust Units reserved under the Option Plan	**1,905,962**	3,097,643	4,443,571
Total Trust Units reserved under the Option Plan, as at end of period	**6,457,720**	6,457,720	6,980,495

Outstanding Trust Unit Options under the Option Plan are exercisable at prices between $6.00 and $7.05 per Unit and expire at various dates to December 31, 2001.

In addition to the Option Plan, certain previous employees of Mark who accepted positions with EnerMark were granted options for 390,000 Trust Units exercisable at $6.48 per Unit, which expire on December 31, 1999. Of these, none (1997 - 113,315, 1996 - 49,956) were exercised and 33,391 (1997 - 6,667, 1996 - 30,001) cancelled during the period. As at December 31, 1998, 153,670 options remain exercisable.

1 for the year ended December 31, 1998 and 1997
2 for the period from inception April 3, 1996 to December 31, 1996

5. INCOME TAXES

During 1998, the Fund had taxable income of $21.0 million (1997 - $20.1 million and 1996[2] - $19.8 million) or 19.2 cents per Unit (1997 - 20.3 cents per Unit and 1996[2] - 24.2 cents per Unit) which was allocated to the Unitholders. Taxable income of the Fund is comprised of income on securities issued by EnerMark less deductions for Canadian oil and gas property expense ("COGPE"), which is claimed at a rate of 10 percent on a declining balance basis and the allowable portion of the cost of issuing new Trust Units during the period. Any losses which occur in the Fund must be retained in the Fund and may be carried forward and deducted from taxable income for a period of seven years. The amount of COGPE and issue costs remaining in the Fund are as follows:

	1998[1]		1997[1]		1996[2]	
	Per Unit	Amount	Per Unit	Amount	Per Unit	Amount
COGPE	**$1.00**	**$107,770**	$1.09	$119,744	$0.28	$26,642
Issue costs	**0.05**	**5,132**	0.06	7,145	0.07	6,510
Total	**$1.05**	**$112,902**	$1.15	$126,889	$0.35	$33,152

The provision for income taxes in the consolidated statement of net income represents an effective tax rate different than the Canadian statutory tax rate. The differences are as follows:

	1998[1]	1997[1]	1996[2]
Net income (loss) before taxes	**$ (2,774)**	$ 22,719	$ 23,725
Computed income tax expense (recovery) at the Canadian statutory rate of 44.62%	**(1,238)**	10,137	10,591
Increase (decrease) resulting from:			
Non-deductible crown royalties & other payments	**9,466**	11,368	9,669
Federal resource allowance	**(7,214)**	(10,171)	(8,920)
ARTC	**(656)**	(619)	(582)
Prior period ARTC recovery *(Note 8)*	**(2,166)**	-	-
Non-deductible depletion	**1,133**	2,113	2,098
Interest expense on EnerMark securities	**(15,598)**	(15,815)	(10,495)
Tax gain on dissolution of subsidiary	**2,677**	-	-
Other	**(21)**	(17)	9
Deferred income taxes (recovery)	**$ (13,617)**	$ (3,004)	$ 2,370

As at December 31, 1998, property, plant and equipment included $26.1 million (1997 - $43.7 million, 1996[2]- $50.7 million) of costs which have no tax base for income tax purposes.

[1] for the year ended December 31, 1998 and 1997
[2] for the period from inception April 3, 1996 to December 31, 1996

6. CASH AVAILABLE FOR DISTRIBUTION

Reconciliation of cash available for distribution	**1998[1]**	1997[1]	1996[2]
Funds flow from operations	**$ 63,929**	$ 92,857	$ 65,988
Proceeds on sale property, plant and equipment	**6,130**	-	-
Quest Oil & Gas, Inc. operating cash flow from effective date of acquisition to closing date	**-**	4,975	-
Deduct funds flow attributable to Units held by wholly-owned subsidiary	**-**	(667)	(857)
Cash available for distribution	**$ 70,059**	$ 97,165	$ 65,131
Cash available for distribution per Unit	**$ 0.640**	$ 0.945	$ 0.810

Cash available for distribution per Unit was paid to Unitholders as follows:

		1998[1]		1997[1]		1996[2]	
For the month ended	Payment Date	**Monthly Payment**	**Quarterly Total**	Monthly Payment	Quarterly Total	Monthly Payment	Quarterly Total
Jan 31	Mar 20	**$0.075**		$0.075		-	
Feb 28	Apr 20	**0.075**		0.075		-	
Mar 31	May 20	**0.075**	**$0.225**	0.090	$0.240	-	-
Apr 30	Jun 20	**0.055**		0.075		$ 0.075	
May 31	Jul 20	**0.055**		0.075		0.075	
Jun 30	Aug 20	**0.055**	**$0.165**	0.090	$0.240	0.100	$ 0.250
Jul 31	Sep 20	**0.055**		0.075		0.075	
Aug 31	Oct 20	**0.040**		0.075		0.075	
Sep 30	Nov 20	**0.045**	**$0.140**	0.090	$0.240	0.110	$ 0.260
Oct 31	Dec 20	**0.040**		0.075		0.075	
Nov 30	Jan 20/99	**0.030**		0.075		0.075	
Dec 31	Feb 20/99	**0.040**	**$0.110**	0.075	$0.225	0.150	$ 0.300
Cash available for distribution		**$0.640**	**$0.640**	$0.945	$0.945	$ 0.810	$ 0.810

7. ACQUISITION OF QUEST OIL & GAS, INC.

On April 22, 1997, EnerMark completed a plan of arrangement which resulted in the acquisition by EnerMark of all the issued and outstanding shares and warrants of Quest Oil & Gas, Inc. ("Quest") a public British Columbia corporation engaged primarily in the exploration for and development of oil and natural gas reserves. The total consideration of $124,885,000 consisted of 1,190,660 Units of the Fund, with a recorded value of $8,070,000, cash of $112,819,000 and costs associated with the acquisition in the amount of $3,996,000. The total consideration paid

1 for the year ended December 31, 1998 and 1997
2 for the period from inception April 3, 1996 to December 31, 1996

in excess of the carrying value recorded in the accounts of Quest has been allocated as an increase to EnerMark's property, plant and equipment in the amount of $42,554,000. The net assets acquired and liabilities assumed are summarized as follows:

Property, plant and equipment	$	148,782
Working capital deficiency		(4,181)
Long-term debt assumed		(17,808)
Site restoration and abandonment		(1,908)
Net assets acquired	$	124,885

Quest remained a wholly owned subsidiary of EnerMark until May 1, 1997 when it was formally amalgamated and continued under the name EnerMark Inc.

8. RECOVERY OF ALBERTA ROYALTY TAX CREDIT ("ARTC")

The recovery of ARTC is the result of a successful appeal to recover ARTC assessed against Mark prior to its reorganization into EnerMark in April, 1996. The amount included on the Consolidated Statement of Net Income includes $2,900,000 of related interest.

9. SUBSEQUENT EVENT: OFFER OF RIGHTS TO SUBSCRIBE FOR TRUST UNITS

Pursuant to a Rights Offering (the "Offering"), the Fund issued rights (the "Rights") to the holders of its outstanding Units of record at the close of business on February 4, 1999 (the "Record Date"). Each holder of Units was issued one Right for each Unit held on the Record Date. Five Rights entitled the holder to subscribe for one Unit at a price of $2.45 per Unit. Further Units could also be subscribed for pursuant to an additional subscription privilege. Under the offering 9,533,602 Units were issued for a total consideration of $23,357,000 before costs of the issuance.

10. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the year 2000 issue may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the year 2000 issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Detailed Statistical Review

($thousands, except per Unit amounts)	1998	1997	1996[1]
Financial			
Gross oil and gas sales	$ 134,102	$ 173,919	$ 132,423
Cash available for distribution	$ 70,059	$ 97,165	$ 65,131
Per Unit	$ 0.640	$ 0.945	$ 0.810
Net income	$ 8,881	$ 23,855	$ 19,838
Per Unit	$ 0.08	$ 0.24	$ 0.27
Capital expenditures, net of dispositions	$ 56,516	$ 19,998	$ 76,715
Total assets	$ 617,881	$ 670,203	$ 551,544
Bank debt, net of working capital	$ 185,507	$ 102,925	$ 38,357
Net debt/funds flow ratio (1996 annualized)	2.9x	1.1x	0.4x
Market price per Unit			
High	$ 6.55	$ 7.65	$ 7.90
Low	$ 2.68	$ 5.60	$ 6.20
Close	$ 3.17	$ 6.40	$ 7.55
Volume traded (000 Units)	37,367	62,039	71,751
Cash available for distribution			
Funds flow from operations	$ 63,929	$ 92,857	$ 65,988
Proceeds on sale of property, plant & equipment	6,130	-	-
Quest Oil & Gas Inc. operating cash flow from effective date of acquisition to closing date	-	4,975	-
Less funds flow attributable to Units held by wholly-owned subsidiary	-	(667)	(857)
Cash available for distribution	$ 70,059	$ 97,165	$ 65,131
Cash available for distribution per Unit	$ 0.640	$ 0.945	$ 0.810

[1] for the period from inception April 3, 1996 to December 31, 1996

Detailed Statistical Review

	1998	1997	1996[1]
Oil and gas economics			
($ per BOE except percentage data)			
Gross royalty rate	**19.6%**	18.9%	20.5%
Alberta Royalty Tax Credit	**(1.1)**	(0.8)	(1.0)
Net royalty rate	**18.5%**	18.1%	19.5%
Weighted average selling price	**$ 16.56**	$ 21.14	$ 23.48
Net royalty expense[2]	**(3.07)**	(3.82)	(4.57)
Operating expense	**(4.99)**	(4.85)	(4.60)
Cash netback	**8.50**	12.47	14.31
General and administrative expense	**(0.69)**	(0.55)	(0.94)
Management fee	**(0.19)**	(0.28)	(0.35)
Profit margin	**$ 7.62**	$ 11.64	$ 13.02
Operating			
Production			
Crude oil and NGLs (Mbbl)	**5,230**	5,419	3,747
Per day (bbl)	**14,328**	14,846	13,624
Average selling price (per bbl)	**$ 15.16**	$ 22.42	$ 27.26
Natural gas (MMcf)	**28,674**	28,066	19,567
Per day (Mcf)	**78,558**	76,894	71,154
Average selling price (per Mcf)	**$ 1.92**	$ 1.87	$ 1.53
MBOE	**8,097**	8,226	5,703
Per day (BOE)	**22,184**	22,535	20,739
Established reserves (proven and 50% of probable)			
Crude oil and NGLs (Mbbl)	**67,759**	63,092	53,721
Natural gas (MMcf)	**384,745**	396,083	326,175
MBOE	**106,233**	102,700	86,338
Established reserve life index[3] (years)			
Crude oil and NGLs	**14.0**	12.2	11.0
Natural gas	**14.9**	13.9	13.6
MBOE	**14.3**	12.8	11.9

1 for the period from inception April 3, 1996 to December 31, 1996
2 excludes recovery of prior period ARTC
3 the established reserve life index is based on 1998 year end established reserves divided by total 1999 volumes contained in the proven, producing reserve study. Prior years restated on an established basis.

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN

EnerMark Income Fund has developed a convenient method of reinvesting cash distributions or investing additional funds into new Trust Units. Any residents of Canada who hold Trust Units may participate in the Plan.

FEATURES OF THE PLAN INCLUDE:

- New Units are purchased monthly at a 5% discount with reinvested distributions;
- Optional cash payments of the greater of the distribution received on Units held or up to $5,000 per month may be made to purchase new units at the same 5% discount regardless of whether monthly distributions are being reinvested;
- No service charges or brokerage fees are incurred by Unitholders and all administrative costs of the Plan are borne by the Fund;
- Participants will receive regular statements regarding their purchases.

If your units are held for you by your broker, investment dealer or other financial intermediary, you must direct that company to complete the necessary authorization forms.

You can make an optional cash payment when enrolling in the Plan by enclosing a cheque or money order payable to "The CIBC Mellon Trust Company" with the completed authorization form.

For more information and/or enrolment forms, please contact the Investor Relations at 1-800-319-6462, in Calgary at (403) 298-2200, by fax at (403) 298-2211 or by email: investorrelations@enerplus.com.

ENERMARK INTERNET SITE

EnerMark Income Fund has a comprehensive website to provide investors with an immediate source of all public information. The following documents are available at www.enerplus.com:

Annual and Quarterly Reports	Fact Sheets
Tax Information	News Releases
Recent Presentations	15 Minute Delayed Stock Quote
Historical Distribution Tables	Distribution Reinvestment and Unit Purchase Plan

Corporate Information

TRUSTEES

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RELATED AND ASSOCIATED ENTITIES

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EnerMark Inc.

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AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

BANKERS

The Canadian Imperial Bank of Commerce
Calgary, Alberta

TRANSFER AGENT

The CIBC Mellon Trust Company
Calgary, Alberta
1-800-387-0825; email:
inquiries@cibcmellon.com

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange

Montreal Exchange

TRADING SYMBOL

Trust Units: EIF.UN

OFFICERS

Marcel J. Tremblay
President and Chief Executive Officer

Dennis R. Gieck
Executive Vice President and Chief Operating Officer

Kelly I. Drader
Senior Vice President

Karen A. Genoway
Senior Vice President

Gordon J. Kerr
Vice President, Finance and Chief Financial Officer

Patrick J. Cairns
Vice President, Evaluations

Daryl Cook
Vice President, Operations

Heather Culbert
Vice President, Administration and M.I.S.

Dorothy J. Else
Vice President, Land

Raymond J. Giroux
Vice President, Special Projects

Eric P. Tremblay
Vice President, Corporate Development

Darrell Shaw
Vice President, Exploitation

Wayne T. Foch
Treasurer

Christina S. Meeuwsen
Corporate Secretary

Richard D. Parsons
Controller

ABBREVIATIONS

ARTC	=	Alberta Royalty Tax Credit
bbl	=	barrel
bbl/d	=	barrel(s) per day
Bcf	=	billion cubic feet
BOE(s)	=	barrel of oil equivalent (10 Mcf gas = 1 bbl crude oil)
BOE/d	=	barrel of oil equivalent per day
Mbbl(s)	=	thousand barrels
MBOE	=	thousand barrels of oil equivalent
Mcf	=	thousand cubic feet
Mcf/d	=	thousand cubic feet per day
MMbbl(s)	=	million barrels
MMBOE	=	million barrels of oil equivalent
MMbtu	=	million British Thermal units
MMcf	=	million cubic feet
MMcf/d	=	million cubic feet per day
NGLs	=	natural gas liquids
RLI	=	reserve life index
TSE	=	The Toronto Stock Exchange
WTI	=	West Texas Intermediate at Cushing, OK.

ANNUAL INFORMATION FORM

A copy of the Annual Information Form is available upon request by writing to Investor Relations, EnerMark Income Fund, Suite 1900, 700 - 9th Avenue S.W., Calgary, Alberta T2P 3V4 or by calling 1-800-319-6462.

Publié également en français: veuillez vous addresser à EnerMark, Directeur, Expansion de la Société, à 1-800-319-6462

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